

Exemptions; training center for the blind. A training center established to instruct the blind to properly function with the aid of guide dogs meets the requirements relating to faculty, curriculum, and enrolled student body, and qualifies as a 'nonprofit educational organization' for purposes of the exemption from the retailers, manufacturers, and communications taxes.

Advice has been requested whether the training program described below constitutes the operation of a 'nonprofit educational organization' for purposes of the exemption from the retailers excise taxes, the manufacturers excise taxes, and the communications taxes provided by sections 4057(a), 4221(a)(5), and 4294(a), respectively, of the Internal Revenue Code of 1954.

A nonprofit organization was established for the purpose of aiding blind persons. It operates a training center where programs are conducted to train dogs to lead and assist the blind, and to instruct them to function with their dogs. During the training course the blind person and his dog are together twenty-four hours a day for approximately four weeks. The blind person is instructed in caring for his dog, in giving commands, in reacting to the dog's actions, and in accepting complete confidence in the dog's leadership. The blind person and his dog then receive additional instruction to enable them to maneuver in traffic and in densely populated areas.

The training center maintains a staff consisting of a director and three assistants, and the organization has been recognized as exempt from Federal income tax under section 501(a) of the Code as an organization described in section 501(c)(3).

There are no restrictions against admissions based on race and the organization has a racially nondiscriminatory policy as to students within the meaning of Rev. Rul. 71-447, 1971-2 C.B. 230.

Sections 4057(a) and 4221(a)(5) of the Code provide that, under regulations prescribed by the Secretary of the Treasury or his delegate, no retailers excise taxes or manufacturers excise taxes shall be imposed with respect to the sale of any article to a nonprofit educational organization for its exclusive use or, in the case of a tax imposed by section 4041, with respect to the use by a nonprofit educational organization of any liquid as a fuel.

Section 4294(a) of the Code provides that, under regulations prescribed by the Secretary or his delegate, no tax shall be imposed under section 4251 on any amount paid by a nonprofit educational organization for services or facilities furnished to such organization.

Under the provisions of sections 4057(b), 4221(d)(5), and 4294(b) of the Code, the term 'nonprofit educational organization' (as used in sections 4057(a), 4221(a)(5), and 4251, respectively)

means an educational organization described in section 170(b)(1)(A)(ii) that is exempt from income tax under section 501(a). The term also includes a school operated as an activity of an organization described under section 501(c)(3) that is exempt from income tax under section 501(a), if such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

Section 170(b)(1)(A)(ii) of the Code describes an 'educational organization' as an organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

In order for the aforementioned exemptions to apply, an organization (or a school operated as an activity of such organization) must meet the description of a 'nonprofit educational organization' set forth in section 170(b)(1)(A)(ii) of the Code. That is, the organization must normally maintain a regular faculty and curriculum, and normally have a regularly enrolled body of pupils at the place where its educational activities are regularly carried on.

The organization's program, consisting of detailed instruction of blind persons in the use and care of guide dogs, is a 'curriculum' within the meaning of the applicable section of the Code. Furthermore, the organization has a regular group of instructors and an enrolled body of students in regular attendance at a designated place where the instruction of the students is carried on at regular sessions.

Accordingly, the organization comes within the meaning of the term 'nonprofit educational organization' as that term is used in sections 4057(b), 4221(d)(5), and 4294(b) of the Code. Therefore, the exemptions from the retailers excise taxes and the manufacturers excise taxes provided by sections 4057(a) and 4221(a)(5) and the exemption from the communications taxes provided by section 4294(a), apply to sales of taxable articles or communication services to the organization.